

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2021-254-E - ORDER NO. 2021-613

SEPTEMBER 14, 2021

IN RE: Application of Duke Energy Progress, LLC)	ORDER GRANTING
for Approval of the Transfer and Sale of)	APPROVAL FOR THE
Property in Holly Springs, North Carolina)	TRANSFER AND SALE
)	OF PROPERTY

I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (Commission) on the August 6, 2021 application of Duke Energy Progress, LLC (DEP) seeking Commission approval to sell real property located in Holly Springs, North Carolina. DEP asserts the property is vacant, consists of 214.71 acres, and notes the Commission previously approved the sale of other parcels in Holly Springs. DEP has a contract with a corporation to sell the land for \$9,661,950, an amount consistent with the appraised value of the land.

II. FACTS AND PROCEDURAL HISTORY

DEP filed its application with the Commission on August 6, 2021, pursuant to section 58-27-1300 of the South Carolina Code of Laws (2015) and regulation 103-823 of the South Carolina Code of State Regulations (2012), seeking the Commission's approval of the proposed sale. DEP's application indicates the Commission previously authorized the sale of other parcels DEP owned in Holly Springs, North Carolina, in Order Numbers 2018-235 and 2019-451. The application contains an appraisal of the land stating the market value of the approximately 214 acres is \$9,675,000.

In correspondence filed with the Commission on August 19, 2021, ORS notified the Commission it had reviewed the application of DEP to sell the Holly Springs, North Carolina property as requested in its application, the appraisal, the requirements of the Code, and DEP's prior similar filings, and stated: "ORS does not object to the Company's request for approval to sell the Property." (ORS correspondence of August 19, 2021, p. 2).

On September 1, 2021, the Commission issued a Directive approving the transfer and sale of the property in Holly Springs, North Carolina, by DEP in this docket.

III. EVIDENCE OF RECORD

As part of its application, DEP explains the property "was acquired by DEP-predecessor Carolina Power & Light as part of the development of the Shearon Harris Nuclear Plant," and "it has been determined that the [p]roperty is surplus." (Application, p. 3). DEP provided a detailed valuation report by a certified real estate appraiser indicating the sale price is in keeping with the appraised value. DEP provides the property has a calculated tax value of \$763,216.90 and a current net book value of \$116,319.

ORS submitted a review of the application and notified the Commission it did not object to DEP's request for approval to sell the property.

IV. APPLICABLE LAW

The Commission has the authority to regulate and supervise the sale of utility property by electric utilities:

The Commission, as provided for by the South Carolina Constitution and as vested with power and jurisdiction by the South Carolina General Assembly, performs the following general functions:

A. Regulation and supervision of privately-owned electric utilities as to rates, charges, services, facilities, practices, accounting procedures, the purchase, sale or lease of utility property and the issuance of securities . . .

S.C. Code Ann. Regs 103-810 (2012).

“The commission may, upon petition: (1) ascertain and fix just and reasonable standards, classifications, regulations, practices, or service to be furnished, imposed, observed, and followed by any or all electrical utilities” S.C. Code Ann. § 58-27-140 (2015).

“Applications are submitted to the Commission for any authorization or permission which the Commission is empowered to grant under its statutory authority” S.C. Code Ann. Regs. 103-823.

According to section 58-27-1300 of the South Carolina Code of Laws, an electrical utility may sell its property, valued at one million dollars or less, without Commission approval. However, if the property’s fair market value is more than one million dollars, the utility must first obtain Commission approval.

No electrical utility, without the approval of the commission and compliance with all other existing requirements of the laws of the State in relation thereto, may sell . . . its utility property . . . except that any electrical utility which has utility property, the fair market value of which is one million dollars or less, may sell, assign, transfer, lease, consolidate, or merge this property without prior approval of the commission. The commission may, at its discretion, hold a hearing on the request of an electrical utility to sell, assign, transfer, lease, consolidate, or merge its utility property, powers, franchises, or privileges, or any of them. An electric

utility seeking approval of a transfer under this provision shall serve a copy of the application on the Office of Regulatory Staff. For purposes of this section, “utility property” shall include property used and useful to provide customers with electric service and which has been properly included in the electric utility’s rate base, including construction work in progress or property held to serve future customers. Utility property that has been transferred to nonutility accounts must continue to be treated as utility property under this provision for five years following the transfer.

S.C. Code Ann. § 58-27-1300 (2015).

V. FINDINGS OF FACT

1. The Commission has the authority to regulate and supervise the sale of utility property by an electric utility, and DEP appropriately sought Commission approval of the proposed sale of the property that is the subject of this request.

2. The property DEP asks for approval to sell is valued at more than one million dollars.

3. The sale of the 214.71-acre property “will not affect DEP’s ability to provide reliable service to its customers at just and reasonable rates” and “is surplus” as stated by DEP in its application. (Application, pp. 2-3).

4. DEP entered into a contract with a North Carolina Corporation, Helix Ventures, LLC, to sell the property for \$9,661,950. We find the sale price reasonable based on the report of the certified general real estate appraiser set forth in the application. (Application, pp. 5-81).

5. DEP established in its application “[t]he original cost of the [p]roperty being sold will be credited as a reduction of the amount carried upon the books of DEP under

Account 101, 'Electric Plant in Service.' The difference between the sales price and the original cost of the non-depreciable [p]roperty will be applied to Account 421.10, 'Gain on Disposition of Property.'" (Application, p. 3).

6. ORS reviewed the application of DEP and has no objection. (ORS correspondence dated August 19, 2021).

VI. CONCLUSIONS OF LAW

1. The Commission has the power and jurisdiction to regulate and supervise the sale of utility property by DEP pursuant to South Carolina Code of State Regulations 103-810 (2012) and South Carolina Code of Laws section 58-27-1300 (2015).

2. The Commission approves the sale as set forth in this application pursuant to section 58-27-1300 of the South Carolina Code of Laws.

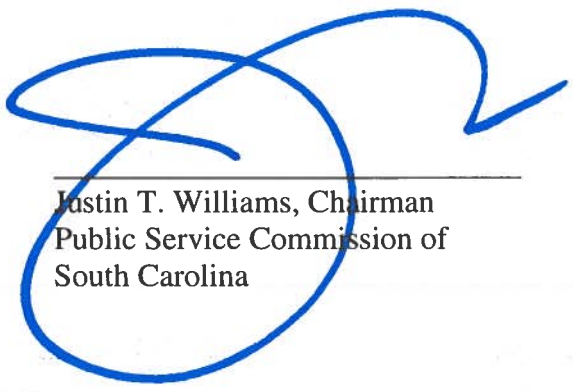
VII. ORDERING PROVISIONS

IT IS THEREFORE ORDERED:

1. The Application of Duke Energy Progress, LLC seeking Commission approval of the transfer and sale of property located in Holly Springs, North Carolina, as set forth in this docket, is granted.

2. DEP shall account for the sale as set forth in its application.

BY ORDER OF THE COMMISSION:



Justin T. Williams, Chairman
Public Service Commission of
South Carolina